

Department rules require that the Department issue only two types of letters, Private Letter Rulings and General Information Letters. A General Information Letter is designed to provide general information, not a specific response to an inquiry. See 2 Ill. Adm. Code 1200.100 and 1200.120. (This is a GIL).

March 10, 2000

Dear Xxxxx:

This letter is in response to your letter dated January 20, 1999. The nature of your letter and the information you have provided require that we respond with a General Information Letter, which is designed to provide general information, is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120(b) and (c), enclosed.

In your letter, you have stated and made inquiry as follows:

To say I am disappointed with your reply to my letter of November 15th is a true 'understatement'.

I am returning a copy of your letter to me with certain questions highlighted.

Your letter gave me code numbers and explanations of laws. I simply wanted YES or NO answers to my questions so I would abide by the laws of your state. Why couldn't you just answer yes or no?

I, as a taxpayer, am trying to get a simple Yes or No answer and I get pages of legal mumble jumble that I don't understand.

I wanted to call you but there are no phone numbers listed on your letterhead. Why?

If you cannot give me a yes or no answer in writing because of legal complications, give me the courtesy of a call at my toll free number ##### to discuss this.

Your cooperation is anticipated.

Department rules require that the Department issue only two types of letters, Private Letter Rulings and General Information Letters. See 2 Ill. Adm. Code 1200.100 and 1200.120. As indicated above, the nature of your letter and the information you have provided require that we respond with a General Information Letter. A General Information Letter is designed to provide general information, not a specific response to an inquiry.

In business situations, the tax liabilities of each party can be affected by many factors, including how other parties handle their tax liability. Without specific and complete information about all parties, a specific answer is impossible. My letter dated December 30, 1999 set forth general

information on the Retailers' Occupation Tax, Use Tax, Service Occupation Tax, and Service Use Tax, all of which were applicable to your inquiry.

As I explained in my letter, Illinois taxes the retail sale and use of tangible personal property under two separate but related statutes. The Retailers' Occupation Tax Act imposes a tax upon persons engaged in the business of selling at retail tangible personal property. 35 ILCS 120/2 (1998 State Bar Edition). The Use Tax Act imposes a tax upon the privilege of using in this State tangible personal property purchased at retail from a retailer. 35 ILCS 105/3 (1998 State Bar Edition). The tax rate under both of these Acts is 6.25%.

In addition to the State Retailers' Occupation Tax, various local taxes may apply to a transaction. The enclosed copy of 86 Ill. Adm. Code 270.115 explains the manner in which one determines if a local tax, and which local tax, is applicable to a transaction. Please also find enclosed the Illinois Sales Tax Rate Reference Manual, which provides the tax rates for Illinois municipalities.

A donor who purchases tangible personal property, such as samples, and gives the tangible personal property to a donee makes a taxable use of the property when making a gift. See the enclosed copy of 86 Ill. Adm. Code 150.305. A donor owes Use Tax, at the rate of 6.25% plus applicable local taxes, on the donor's cost price of the tangible personal property when the gift is donated in Illinois.

With regard to catalogs, the response in my earlier letter remains the same. In the context of the Service Occupation Tax Act, in relation to catalogs, a response is very fact specific. Without specific and complete information about all of the vendors from which you purchase such catalogs, a specific response is not possible. The tax rate under the Service Occupation Tax Act and the Service Use Tax Act is 6.25%. In addition, various local service occupation and use taxes may apply to a transaction.

I hope this information is helpful. The Department of Revenue maintains a Web site, which can be accessed at www.revenue.state.il.us. If you have further questions related to the Illinois sales tax laws, please contact the Department's Taxpayer Information Division at (217) 782-3336.

If you are not under audit and you wish to obtain a binding Private Letter Ruling regarding your factual situation, please submit all of the information set out in items 1 through 8 of the enclosed copy of Section 1200.110(b).

Very truly yours,

Gina Roccaforte
Associate Counsel

GR:msk
Enc.